

# **County of Newaygo, Michigan**

---

**Additional Reports Required by  
OMB Circular A-133**

**September 30, 2005**

# County of Newaygo, Michigan

## Contents

---

<b>Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i></b>	<b>3-4</b>
<b>Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133</b>	<b>5-7</b>
<b>Schedule of Expenditures of Federal Awards</b>	<b>8</b>
<b>Notes to Schedule of Expenditures of Federal Awards</b>	<b>9</b>
<b>Schedule of Findings and Questioned Costs</b>	<b>10-11</b>
<b>Status of Prior Year Findings and Questioned Costs</b>	<b>12</b>

**Independent Auditors' Report on Internal Control  
Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial  
Statements Performed in Accordance With  
Government Auditing Standards**

To the Board of Commissioners of the  
County of Newaygo, Michigan

We have audited the financial statements of the County of Newaygo, Michigan as of and for the year ended September 30, 2005, and have issued our report thereon dated December 14, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County of Newaygo, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Newaygo, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County of Newaygo, Michigan in a separate letter dated December 14, 2005.

This report is intended solely for the information and use of the audit committee, Board of Commissioners of the County of Newaygo, Michigan, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Priscilla Capres, PLLC*

Muskegon, Michigan  
December 14, 2005

**Independent Auditors' Report on Compliance  
With Requirements Applicable to Each Major  
Program and on Internal Control Over Compliance  
in Accordance With OMB Circular A-133**

To the Board of Commissioners of the  
County of Newaygo, Michigan

**Compliance**

We have audited the compliance of the County of Newaygo, Michigan with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2005. The County of Newaygo, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Newaygo, Michigan's management. Our responsibility is to express an opinion on the County of Newaygo, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Newaygo, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of Newaygo, Michigan's compliance with those requirements.

In our opinion, the County of Newaygo, Michigan complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2005.

### **Internal Control Over Compliance**

The management of the County of Newaygo, Michigan is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County of Newaygo, Michigan's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to the federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we considered to be material weaknesses.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Newaygo, Michigan as of and for the year ended September 30, 2005 and have issued our report thereon dated December 14, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County of Newaygo, Michigan's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, Board of Commissioners of the County of Newaygo, Michigan, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Prudencia LaPres, PLLC*

Muskegon, Michigan  
December 14, 2005

# County of Newaygo, Michigan

## Schedule of Expenditures of Federal Awards

<i>Year ended September 30, 2005</i>	CFDA Number	Current Year Expenditures
<b>Department of Justice</b>		
Passed through the Michigan Family Independence Agency		
Juvenile Accountability Inc. Block Grant (JAIBG-05-62001)	16.540	\$ 2,034
Northern Michigan Accountability Block Grant (JABGN-05-62001)	16.540	54,769
		56,803
<b>Department of Health and Human Services</b>		
Passed through the Michigan Family Independence Agency		
Prosecutor Cooperative (IV-D Incentive) (05-62002)	93.563	99,582
Friend of the Court Cooperative (IV-D Incentive) (05-62001)	93.563	460,638
		560,220
<b>Department of Housing and Urban Development</b>		
Passed through the Michigan State Housing Development Authority		
Community Development Block Grant (MSC-2004-0789-HOA)	14.228	154,916
<b>Department of Homeland Security</b>		
Passed through the Michigan Department of State Police		
SHSGP Training Grant	97.004	11,116
Homeland Security Equipment Grant	97.004	135,487
		146,603
<b>Federal Emergency Management Agency</b>		
Passed through the Michigan Department of State Police		
Emergency Management Performance Grant (3067-0080)	83.552	9,228
		\$ 927,770



# County of Newaygo, Michigan

## Notes to Schedule of Expenditures of Federal Awards

---

### 1. General

Expenditures are recorded on the accrual basis of accounting. Revenues are recognized when qualifying expenditures have been incurred and all other grant requirements have been met.

# County of Newaygo, Michigan

## Schedule of Findings and Questioned Costs September 30, 2005

### Section I - Summary of Auditors' Results

#### *Financial Statements*

Type of auditor's report issued was qualified.

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes   X   none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes   X   no

#### *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Reportable condition(s) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes   X   none reported

Type of auditor's report issued on compliance for major programs was unqualified.

Any audit findings disclosed state are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

\_\_\_\_\_ yes   X   no

Identification of major programs:

CFDA Number(s)

93.536

Name of Federal Program or Cluster

Title IV-D

Dollar threshold used to distinguish between type A and B programs?

\$300,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes   X   no

**County of Newaygo,  
Michigan**

**Schedule of Findings and Questioned Costs  
September 30, 2005**

---

**Section II - Findings Related to the Financial Statements**

There were no financial statement findings for the year ended September 30, 2005.

**Section III - Findings and Questioned Costs for Federal Awards**

There were no findings or questioned costs.

# County of Newaygo, Michigan

## Status of Prior Year Audit Findings and Questioned Costs

The status of findings from the 2004 Single Audit are summarized below:

<u>Condition</u>	<u>Status</u>
<u>Ref. No. 2004-1 Bank Reconciliations - Timely Preparation and Review</u>	
We determined that bank reconciliations were not being prepared or reviewed on a regular basis.	The new County Treasurer and the Office of Administration have been committed to working together and improving communication to ensure that the bank reconciliations are performed and reviewed in a timely manner. During the 2005 audit, we determined that the bank reconciliations are being prepared on a more timely basis.
<u>Ref. No. 2004-2 Adjusting Cash Accounts for Reconciling Items on a Timely Basis</u>	
We determined that there were several months of reconciling items outstanding on the bank reconciliation that had not been posted to the general ledger. This resulted in the bank reconciliations being increasingly difficult and time-consuming to prepare and review. In addition, as items are not posted to the general ledger, the cash balances as reflected may be inaccurate.	The new County Treasurer and the Office of Administration have created better communication and developed procedures to ensure that adjustments for all reconciling items can be recorded during the reconciliation process each month. During the 2005 audit, we determined that, although there are still reconciling items outstanding from prior fiscal years, the new procedures in place have improved the bank reconciliation process.